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SUBJECT: FRENCH PRESIDENCY INSIDER ON HOW TO GET THINGS
DONE WITH PARLIAMENT

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Classified By: Political Minister Counselor Kathy Allegrone, reasons 1.
4 (b/d).

Summary

¶1. (SBU) President Sarkozy's activist approach to the financial crisis is playing well with the public because the French see him as focused and statesmanlike, State Secretary for Parliamentary Affairs Roger Karoutchi told the Ambassador at a working lunch October 20. A governing UMP party insider and consummate legislative arm-twister, Karoutchi stressed the importance French people attach to state action during uncertain times and added that if the country emerges from the crisis with relatively little damage, President Sarkozy could earn a real political boost. The current legislative debate on the 2009 budget will be lengthy but the government has refocused its priorities on areas that Karoutchi predicted will help France weather the crisis and enhance its competitiveness, such as funding for research and technology. Noting that the Presidency's ability to press ahead with reform will not last forever, Karoutchi described the leadership's aggressive tactics in pushing for change. The Ambassador and Karoutchi also discussed overall parliamentary strategy as well as the UMP's prospects in upcoming European parliamentary and French regional elections in 2009 and 2010. End Summary.

Crisis: Sarkozy's Activity Paying Off

¶2. (C) France will likely face a difficult period in the coming year as unemployment rises and other social problems emerge in the context of the economic squeeze, Karoutchi predicted. But President Sarkozy's active approach to the financial crisis is playing relatively well with the public because the French see him as focused, responsive and in charge. "People say they are not sure if President Sarkozy can save us, but in an ocean of bad news, at least he is doing something," Karoutchi said. In his view, the president's tenure as Interior Minister (2002-04 and 2005-07), during which he projected toughness on law and order issues, instilled a sense of trust among people in Sarkozy's ability to navigate change safely. Karoutchi claimed that even top Socialist Party (PS) leader Pierre Moscovici has approached him privately to express relief that President Sarkozy is at the helm during the tumult. In this context, if France emerges from the crisis without too much damage, the president will get considerable credit, Karoutchi forecast. (Note: Polls show President Sarkozy's approval ratings climbing. An Ifop survey released October 19 indicated 43 percent of French people are

"satisfied" with his performance, a six-point increase since September. End note.)

Government "Making Choices" On Budget

¶3. (C) In the near term, parliament began October 20 what Karoutchi predicted would be a lengthy debate on the 2009 budget package. Against the backdrop of the crisis, the government is reordering its priorities and "making choices," Karoutchi said. Some programs, such as agricultural modernization and industrial restructuring, will not receive the funding this year the Presidency initially wanted to allocate. But the government will push for spending in sectors that could help France's competitiveness in emerging from the crisis and beyond, Karoutchi said. He cited scientific research, competitiveness poles and technology as particular target areas. He expressed confidence in the government's ability to see the budget package as well as other reforms through to passage, describing his general strategy on dealing with parliament as inundating lawmakers with "urgent" bills that are subject to limited debate. Doing so creates an atmosphere in which inaction on the measures would amount to parliament not doing its duty in the eyes of the French people, he contended.

Arm Twisting in Congress

¶4. (C) The October 14-15 passage of President

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Sarkozy's financial rescue plan exemplified Karoutchi's approach. The Eurozone Heads met at the Elysee on Sunday, October 12; then France's Council of Ministers approved the draft legislation the same day and the State Council reviewed it October 13. The government transmitted the bill to the National Assembly on the morning of October 14 and it passed later that day. The Senate approved it the next day. In managing this and other legislation, Karoutchi said his policy is to impress upon lawmakers the urgency of the measures and that "France is waiting" for its parliament to act. Keeping the majority UMP in line is relatively easy via old-school political arm twisting. Karoutchi said he tells the deputies the president follows the debates and votes closely and "does not need any extra headaches." For its part, the PS leadership was absent in the economic rescue discussions, rejecting the package but making clear that it would not actively oppose or inhibit passage. "There was no PS strategy," Karoutchi said. Lower level PS deputies were left to hammer out a deal. In the end, the PS and the Green Party abstained (ref e-mail), clearing the way for the bill to pass.

¶5. (C) Such a compliant congress -- and overall societal readiness for change -- will not last forever, Karoutchi acknowledged. In his view, part of the government's success in pressing ahead with reforms has been its method of making a dramatic array of proposals simultaneously, keeping legislators on their heels and all sectors of French society feeling the force of change in unison. "French people have an egalitarian streak," Karoutchi observed, noting that "if they see one sector being targeted for reform, people will rally to their side." In the current context, everyone from teachers to dockworkers to bankers are navigating new terrain. Maintaining a fast pace of change is also essential, Karoutchi said. "We understand that the forces of immobility in France take time to mobilize," he quipped. As such, the government continues to keep the reform docket full.

¶6. (C) Looking ahead to European Parliament and regional elections scheduled for 2009 and 2010 respectively, Karoutchi expressed guarded optimism. With the European vote, he speculated that some UMP candidates could benefit from a successful EU Presidency for France and President Sarkozy. At the same time, he assessed that European parliamentary elections tend not to favor the right because of internal divisions among "euroskeptics" and those who favor greater integration. The 2010 French regional vote is especially up in the air because of the possibility of territorial reform that could redraw the electoral map. As it stands now, things can not get any worse for the UMP, Karoutchi said, as the PS holds the top post in 20 of France's 22 regions (the exceptions are Corsica and Alsace).

Comment

¶7. (C) Karoutchi, 57, exuded confidence and good humor during the lunch. His sanguine view of President Sarkozy's standing tells only part of the story. If the economic crisis deepens and the left can somehow coalesce, the government's ability to force change (and muscle through legislation) will likely erode. As for Karoutchi's own prospects, he hopes to head the UMP's list for the Ile-de-France when regional elections are held in 2010. He faces a strong challenge from Higher Education Minister Valerie Pécresse -- and the possibility that Sarkozy-led reforms may eliminate the position. We expect a bruising battle between true political heavyweights. STAPLETON